

EX PARTE OR LATE FILED

Davis Wright Tremaine LLP
LAW OFFICES

Suite 700 • 1155 Connecticut Avenue, N.W. • Washington, D.C. 20036
(202) 508-6600 • Fax: (202) 508-6699
Website: <http://www.dwt.com>

Richard L. Cys
(202) 508-6617

December 13, 1996

EX PARTE PRESENTATION

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Implementation of the Local Competition Provisions in
the Telecommunications Act of 1996, CC Docket 96-98;
Telephone Number Portability, CC Docket 95-116

Dear Sir:

In accordance with the Commission's ex parte rules, on December 13, 1996, the undersigned and Daniel M. Waggoner, both with Davis Wright Tremaine, Ms. Elaine Miller, Director of Regulatory and Public Policy, and Ms. Chris Walker, Manager of Interconnection and CLEC Services, both of NEXTLINK Communications, L.L.C. met with A. Richard Metzger, Deputy Bureau Chief, and Ms. Jeannie Su, both of the Common Carrier Bureau, John Nakahata, Legal Advisor to Chairman Hundt, Daniel Gonzalez, Legal Advisor to Commissioner Chong, James L. Casserly, Senior Legal Advisor to Commissioner Ness and Rudy Baca, Senior Legal Advisor to Commissioner Quello. Pursuant to Commission Rule 1.1206(a)(2), attached are an original and one copy of a memorandum summarizing the data and arguments offered in the ex parte presentation, and of the written materials left with the Commission staff listed above.

Please date stamp and return to the messenger the copy of this cover letter.

Very truly yours,


Richard L. Cys

Counsel for NEXTLINK
Communications, L.L.C.

RLC/tm
Enclosures

Notice of Ex Parte Presentation
December 13, 1996
Page 2

cc: A. Richard Metzger
Common Carrier Bureau

Jeannie Su
Common Carrier Bureau

John Nakahata
Office of Chairman Hundt

Daniel Gonzalez
Office of Commissioner Chong

James L. Casserly
Office of Commissioner Ness

Rudy Baca
Office of Commissioner Quello

Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Davis Wright Tremaine LLP

LAW OFFICES

Suite 700 • 1155 Connecticut Avenue, N.W. • Washington, D.C. 20036
(202) 508-6600 • Fax: (202) 508-6699
Website: <http://www.dwt.com>

Richard L. Cys
(202) 508-6617

MEMORANDUM OF EX PARTE PRESENTATION OF NEXTLINK COMMUNICATIONS, L.L.C. ON DECEMBER 13, 1996

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Implementation of the Local Competition Provisions in
the Telecommunications Act of 1996, CC Docket 96-98;
Telephone Number Portability, CC Docket 95-116

Dear Sir:

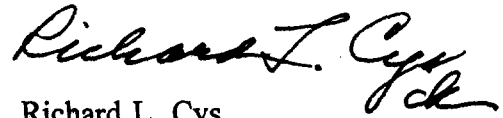
The data and arguments offered in the December 13, 1996 presentation by the undersigned and Daniel M. Waggoner, both with Davis Wright Tremaine, Ms. Elaine Miller, Director of Regulatory and Public Policy, and Ms. Chris Walker, Manager of Interconnection and CLEC Services, both of NEXTLINK Communications, L.L.C. to A. Richard Metzger, Deputy Bureau Chief, and Ms. Jeannie Su, both of the Common Carrier Bureau, John Nakahata, Legal Advisor to Chairman Hundt, Daniel Gonzalez, Legal Advisor to Commissioner Chong, James L. Casserly, Senior Legal Advisor to Commissioner Ness and Rudy Baca, Senior Legal Advisor to Commissioner Quello, were as follows:

The representatives of NEXTLINK elaborated on the arguments made previously in NEXTLINK's Petition for Reconsideration of the Commission's First Report and Order and Further Notice of Proposed Rulemaking which was released on July 2, 1996, in the above-captioned proceeding (the "Report and Order"); NEXTLINK's opposition to US WEST's Petition for Reconsideration and Clarification of the First Report and Order; and NEXTLINK's Reply to Oppositions to NEXTLINK's Petition for Reconsideration of the Commission's First Report and Order. No arguments were made that are not already reflected in those filings. In addition, the representatives of NEXTLINK left the attached written materials with the Commission staff listed above.

Mr. William F. Caton
December 13, 1996
Page 2

An original and one copy of this memorandum, with attachments, have been submitted to the Secretary. In addition, copies have been submitted to A. Richard Metzger, Jeannie Su, John Nakahata, Daniel Gonzalez, James L. Casserly and Rudy Baca.

Very truly yours,

A handwritten signature in black ink, appearing to read "Richard L. Cys", with a stylized flourish at the end.

Richard L. Cys

Counsel for NEXTLINK
Communications, L.L.C.



Overview

NEXTLINK Communications, L.L.C. is a privately held company founded in 1994 and based in Bellevue, Washington. NEXTLINK's charter is to establish a national position as a premier provider of local facilities-based telecommunication services to commercial customers. Operating from a solid foundation of high capacity fiber optic transmission systems, NEXTLINK has added state-of-the-art switching and intelligent peripherals to provide a full array of local and interexchange services. Today, NEXTLINK has active local-facility operations in twenty markets addressing a total of four million business lines. NEXTLINK's long term goals: serve areas totaling more than eleven million business lines; gain a five percent market share of total access lines in its markets; and create revenues in excess of one billion dollars in seven years.

Market

The deregulation of local exchange services provides a major opportunity for new entrants into a currently monopolistic market. Today, the local exchange market is estimated in excess of \$93 billion and is dominated by eight players, primarily the Regional Bell Operating Companies (RBOCs). In this environment, new entrants, whether start-ups or existing entities expanding their horizons, share a significant growth opportunity. According to a survey by Morgan Stanley, the RBOCs are susceptible to losing forty-five to fifty-five percent of their market share. The restructuring of the local market will have a major impact on the interexchange market as well, as new entrants offer a combined local and long-distance package. The same survey concludes: "The ability to purchase a bundled service is potentially the most important factor in determining customer preference." The result is a significant portion of the entire telecommunications services market (\$175 billion) is likely to change hands. The new local facilities-based competitors occupy valuable ground from which to wage the battle in that they are physically connected to the customer.

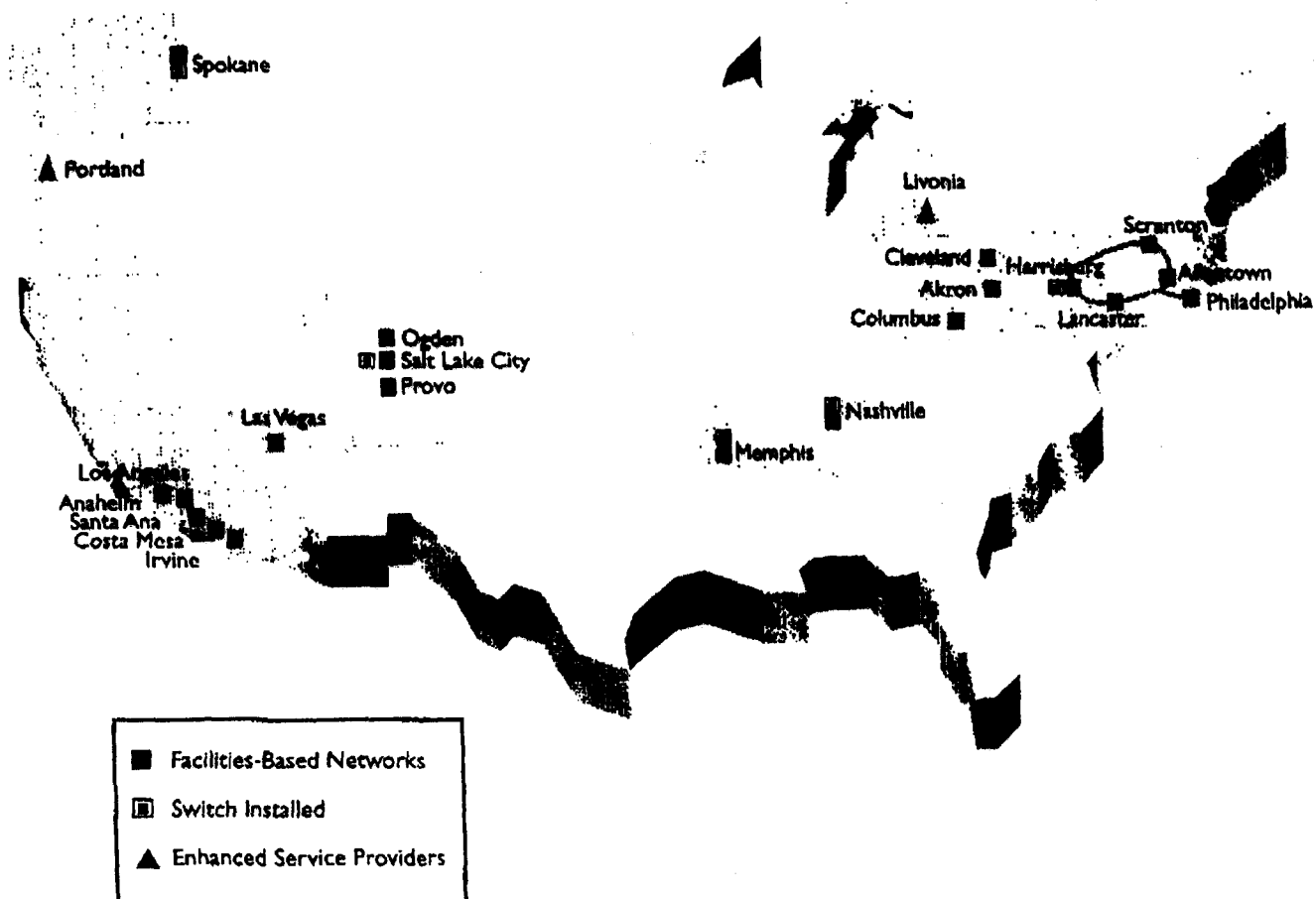
The competitive local telephone market is the natural progression from the competitive access market of the early 1990s. At that time, companies such as MFS, Teleport, Intermedia Communications and US Signal began constructing high capacity networks and offering bulk dedicated services to long-distance companies and large commercial customers. Although state-by-state deregulation of local switched services was progressing, and a few companies had begun the transition, not until the passage of the 1996 Telecommunications Act mandating local competition did any broad efforts to market basic dial tone services begin. Today, market penetration for competitive local exchange companies (CLECs) is far less than one percent of the market, and there is a



"LeMans Start" to secure market share. NEXTLINK's combination strategy of building substantial local networks and focusing on end-user sales positions the company to be a leader in each of its markets. NEXTLINK has introduced bundled local and long-distance services in six markets and will be initiating service in the remaining thirteen by second quarter 1997.

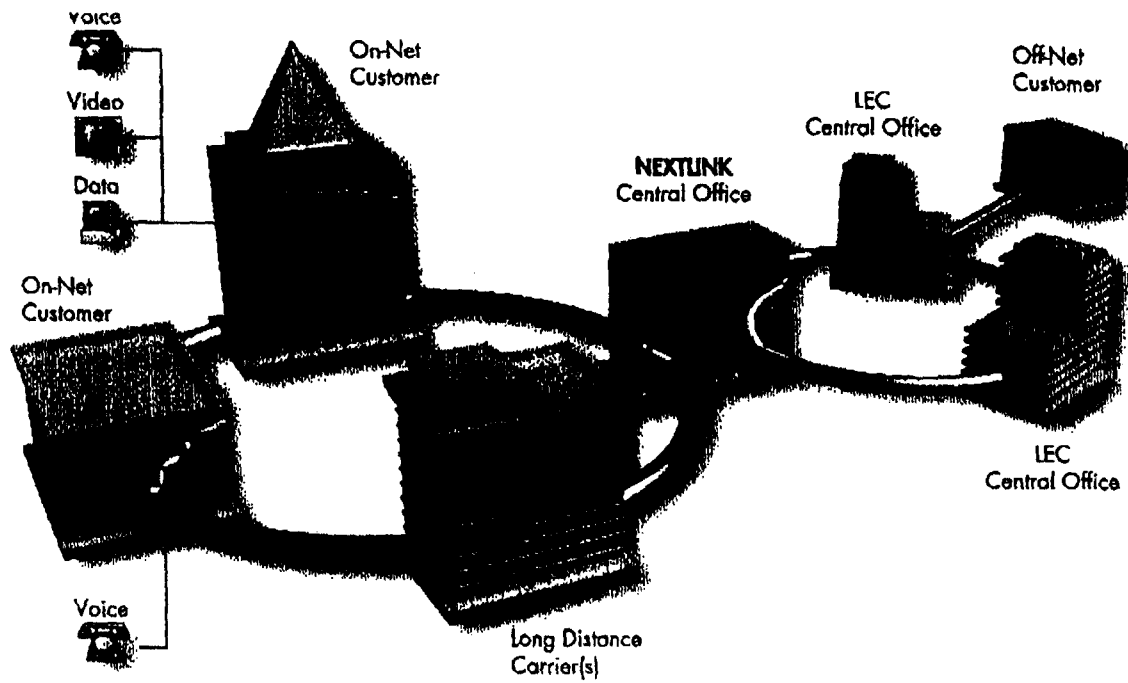
NETLINK™

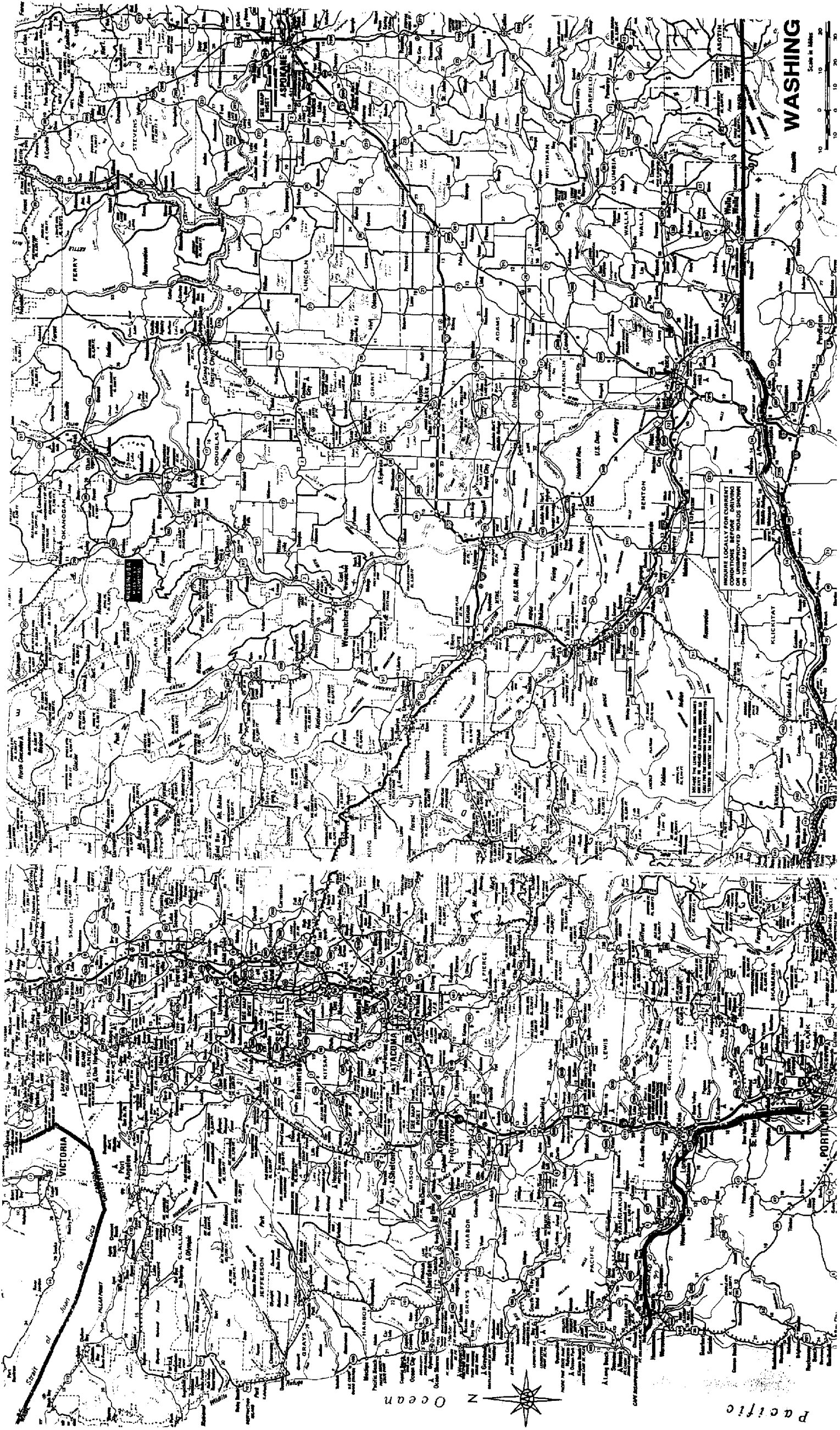
OPERATIONS



NEXTLINK™

NETWORK





WASHING

Scale in Miles
0 10 20

Pacific

N Ocean

